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June 6, 2006

Ronald J. Barrow  
Assistant General Manager  
Northern Kentucky Water District  
100 Aqua Drive  
P.O. Box 220  
Cold Spring, KY 41076

RE: Case No. 2005-00148

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

BOD/jc  
Enclosure

Ronald J. Barrow  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY	)	
WATER DISTRICT (A) FOR AN ADJUSTMENT OF	)	
RATES; (B) A CERTIFICATE OF CONVENIENCE	)	CASE NO. 2005-00148
AND NECESSITY FOR IMPROVEMENTS TO	)	
WATER FACILITIES IF NECESSARY; AND (C)	)	
ISSUANCE OF BONDS	)	

ORDER

Northern Kentucky Water District (“NKWD”) has petitioned for rehearing on that portion of the Commission's Order of April 28, 2006 that addresses its liability for the installation and maintenance of the customer's service line. It requests that the Commission address whether, given the unique circumstances that are present in NKWD's distribution system, the utility should be held responsible for all facilities to the point of delivery at the meter.

On April 28, 2006, the Commission entered an Order in this proceeding in which it denied a proposed revision to NKWD's tariff that would have limited the water utility's responsibility for any piping that connected the water utility's mains to customer meters located inside a building. Finding that the proposed revision was contrary to Administrative Regulation 807 KAR 5:066, Section 12(1)(a), which places upon the water utility responsibility for all facilities to the point of delivery at the meter, the Commission held the proposed revision was unlawful and unreasonable.

NKWD argues that unique circumstances are present in its case. It estimates that approximately 20,000 of its 79,685 customers have meters that are located

inside a building. Most of these customers are located in areas that municipal water utilities originally served and that NKWD acquired these services through its acquisition of the municipal utilities. When these services were originally installed, NKWD argues, municipal utilities generally placed meters inside the buildings that they served. NKWD states that these services are generally older and that to bring these services into compliance with Administrative Regulation 807 KAR 5:066, Section 12(1)(a), would be cost prohibitive. It further states that in most cases it lacks an easement or other authorization to enter the building in which the meter is located to maintain or service the piping.

As its review of the record indicates very limited information regarding the location of customer meters and the effect of NKWD's full compliance with Administrative Regulation 807 KAR 5:066, Section 12(1)(a), the Commission finds that NKWD's petition should be granted for the limited purpose of determining the applicability of Administrative Regulation 807 KAR 5:066, Section 12(1)(a), to NKWD's operations and the need for a deviation from that administrative regulation, and re-examining the reasonableness of the proposed tariff revision that addressed NKWD's liability for the installation and maintenance of the customer's service line.

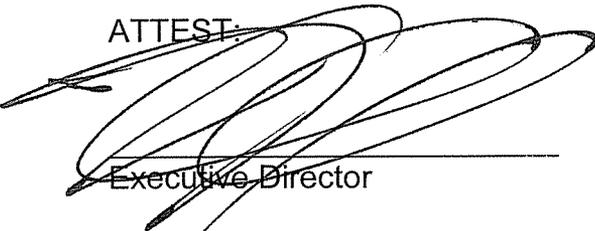
IT IS THEREFORE ORDERED that NKWD's petition for rehearing is granted for the limited purpose of determining the applicability of Administrative Regulation 807 KAR 5:066, Section 12(1)(a), to NKWD's operations and the need for a deviation from that administrative regulation, and re-examining the reasonableness of the

proposed tariff revision that addressed NKWD's liability for the installation and maintenance of the customer's service line.

Done at Frankfort, Kentucky, this 6th day of June, 2006.

By the Commission

ATTEST:



Executive Director